



# **Session: Small Business Practices**

**11 Jul 06**

**Presented By:**

**U.S. Army Office of  
Small Business Programs**

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Manager**



# Agenda



- **Legislative Background**
- **The Big Picture**
- **Market Research**
- **Acquisition Strategies**
- **Subcontracting**
- **Outreach**



# LEGISLATIVE BACKGROUND



**1932 RECONSTRUCTION FINANCE  
ACT/CORP**

**1940 SMALLER WAR PLANTS ACT/CORP**

**1947 ARMED SERVICES PROCUREMENT  
ACT**

**1949 CREATION OF DEPARTMENT OF  
DEFENSE**

**1950 DEFENSE PRODUCTION ACT**

**1951 SMALL DEFENSE PLANTS  
ADMINISTRATION**

**1953 SBA CREATED IN DEPT OF  
COMMERCE**



# LEGISLATIVE BACKGROUND

## (CONT'D) Public Law 95-507 (1978)

- **Requires Agencies to Establish SB Goal**
- **Requires Explanation to Congress When Goals are Not Met**
- **Requires Establishment of Office of Small Business Programs**
  - **Director Appointed By Agency Head**
  - **Director Reports to Head of Agency or Deputy**



# LEGISLATIVE BACKGROUND

(CONT'D)

## Public Law 99-661 (1987)

- Requires Agencies to Establish 5% SDB and HBCU/MI Goal
- Provides for Less than Full and Open Competition

## Public Law 103-355 (1994)

- Requires Agency to Establish 5% WOSB Goals



# LEGISLATIVE BACKGROUND

(CONT'D)

## Public Law 105-135 (1997)

- Established HUBZone Program and Requires Agencies to Establish Goal not Less than 3% in FY 2003 and Each Year Thereafter

## Public Law 106-50 (1999)

- Requires Agency to Establish 3% SDVOSB Goal



# The Big Picture

- **Small Business Program Implementation**
  - **Responsibility lays with the Head of the Agency**
  - **Management and Oversight by Director, OSBP**
  - **Implementation by HCA/Appointing Authority**
  - **Small Business Associate Directors/Specialists facilitate**



# The Big Picture

- **Small Business Program Implementation**
- **Acquisition Advocacy by Small Business Specialist-**
  - **Represent the appointing authority**
  - **Key member of acquisition team**
  - **Participate early in acquisition planning**





# The Big Picture

## ▪ Small Business Program Implementation

### ▪ SB Program Management -

- Integrate National and Agency objectives and acquisition advocacy
- Develop strategic plans with goals, objectives, and performance measures
- Develop and evaluate performance against small business targets
- Analyze expenditures to identify areas



# Market Research

## ▪ Strategic and Tactical Market Research

- Analysis of contract awards to identify areas to target for strategic planning (<http://prmis.saalt.army.mil>)
- Tactical research to identify firms for a specific requirement (FAR Part 10)



# Market Research

- Requires efforts to identify small businesses
- Sources of data include federal, state and local government sources
- Acquisition history of same or similar item or service
- Conferences and Industry Days
- Sources Sought Synopsis
- Customer/Requiring Activity



# Market Research

- Organize and analyze data collected
- Set aside order of precedence
  - 8a Program [FAR 19.800(3)]
    - Hub Zone 8a receives first priority
    - HUB Zone SB or Service Disabled Veteran-Owned SB
    - Small Business
  - Woman-Owned SB currently no



# Market Research

- Consolidation of requirements  
> \$5 million
  - DFARS 207.1703
    - Market Research
    - Analysis of Alternatives
    - Benefits Analysis
    - Senior Procurement Executive Approval
  - AFARS 5107.170 approval authority delegated to HCA up



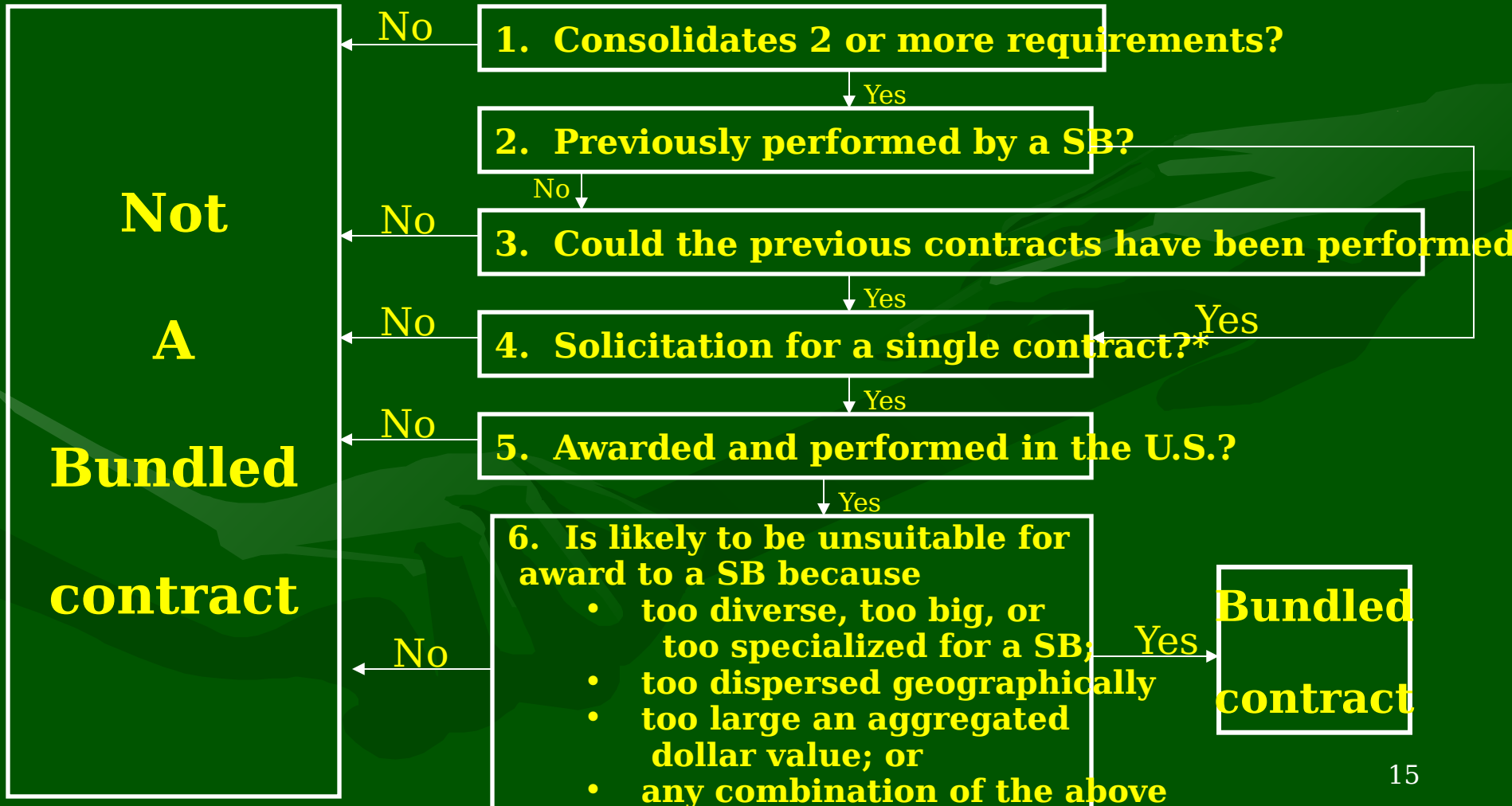
# Market Research

- **Consolidation and Contract Bundling**
- **Small Business Reauthorization Act of 1997 defines bundling**
  - **FAR 2.101(4)**
  - **FAR 7.107**
  - **DFARS 207.170-3(a)(3)**
  - **AFARS 5107.70**
- **DOD Benefit Analysis Guidebook**



# MARKET RESEARCH

Figure 1-1. Decision Flow Chart for Determining Whether a Contract Is Bundled





# Market Research

## ▪ Document in a Market Research Report:

- General Requirements Information (e.g., description of requirement, NAICS, size standard, background etc.)
- Discussion of best commercial practices
- Methods utilized to locate small business concerns (e.g.





# Market Research

## ▪ Document in a Market Research Report:

- Discussion of Consolidation and Bundling as appropriate

- Any legislative issues associated with the requirement

- Analysis of acquisition alternatives and the pros and cons of each



# Acquisition Strategies

## ▪SB Specialist Roles and Responsibilities

- Key member of acquisition team
- Participate in acquisition planning
- Provide advice on set aside programs
- Obtain comments from DCMA Small Business Specialist



# Acquisition Strategies

## ▪SB Specialist

### Roles/Responsibilities (cont.)

- Provide advice in source selection planning consistent with FAR 15.304 regarding Small Business Participation Proposal Evaluation factor

- SB participation may be based on total contract value

- Difference between FAR



# Army Services

## Strategy Panel

- Threshold per AFARS 5137.5-5 (ASSP) currently \$500 million including options
- 2006 NDAA lowers threshold to \$250 million including options
- DOD has already drafted policy



# Army Services

## Small Business Concerns:

- ~~Bundling~~ (ASGP) consolidation
- Market research
- Set-asides vs. reservations
- Limitation on Subcontracting
- Subcontracting plan vs. small business participation proposal



# Subcontractin



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## ▪SB Specialist:

- Conducts strategic and tactical market research in subcontracting

- Reviews subcontracting plans and provide advisory comments to the Contracting Officer

- Maintains relationship with DCMA



# Subcontractin

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- **SB Specialist:**
  - **Obtains comments from DCMA regarding subcontracting past performance and previous ratings on surveillance reviews**
  - **Ensures compliance with DFARS and AFARS 19.7 requirement to include HBCU/MI participation in subcontracting plans**



# Outreach



- Closely related to market research
- Should be strategic and tactical
- Associate Director for Small Business/small business specialist require knowledge of:
  - Congressional Legislation & Acquisition rules
  - DOD Special Programs, e.g. Mentor-Protégé, SBIR, HBCU/MI
  - Sources of assistance, e.g. PTACs & SBDCs





## **HISTORICALLY BLACK COLLEGES AND**

### **UNIVERSITIES AND**

### **MINORITY INSTITUTIONS**

- **10 U.S.C. 2323 (PL 99-661 Section 1207)**
  - **Established 5% HBCU/MI Contracting Goal**
  - **Provided for “Technical Assistance” (advice and guidance) and “Infrastructure Assistance” (enhancing R&D capacity)**
- **Executive Order 12876**
  - **Goal for Awards (Contracts, Grants, & other Funding Instruments)**
  - **Annual Plan for Institutional Strengthening**



# **HISTORICALLY BLACK COLLEGES AND**

## **UNIVERSITIES AND**

### **MINORITY INSTITUTIONS**

- **DoD Policy Objective**
  - **Maximize HBCU/MI Participation University Oriented Programs and Initiatives**
  - **DFARS 226.370-3 Authorized Set-Asides, Outreach Efforts and Evaluation Preferences**
  - **DFARS 226.370-4 and 5 established set-aside criteria and procedures**



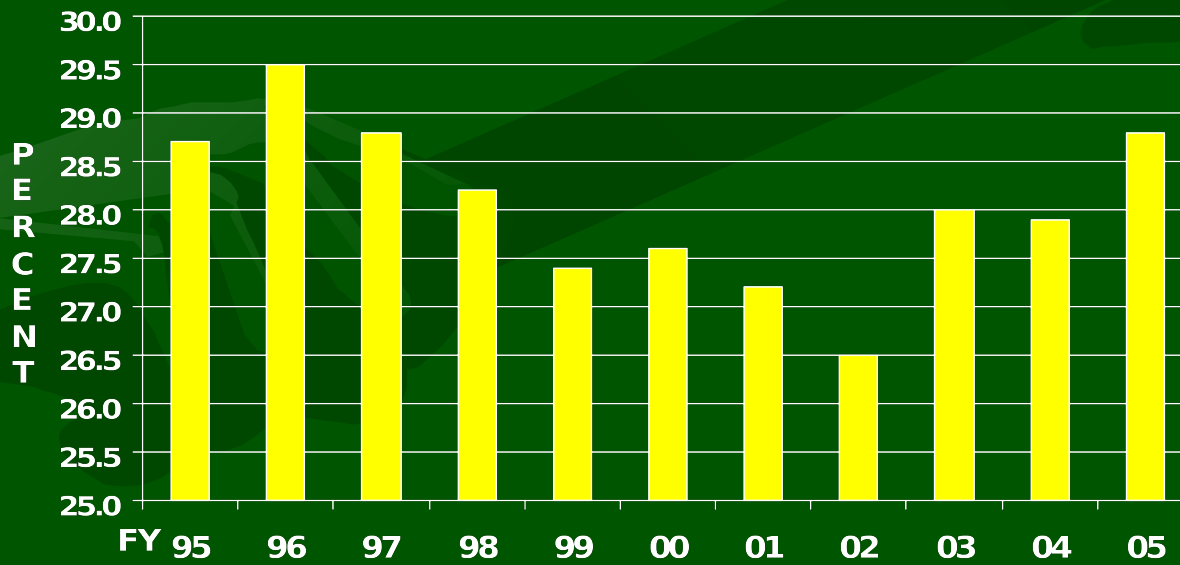
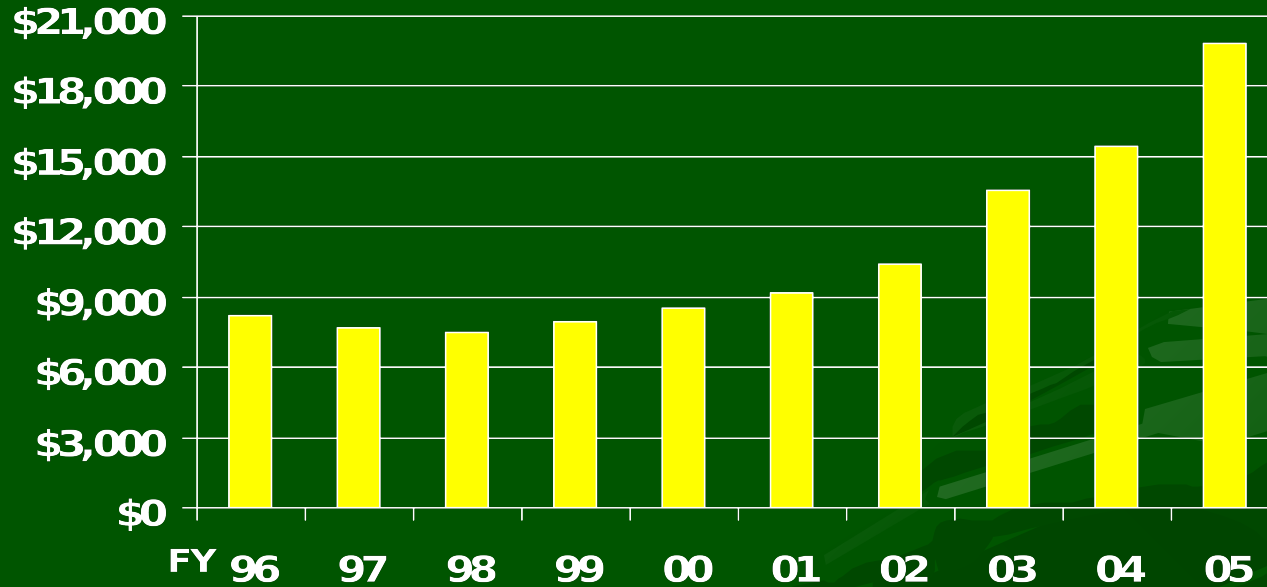
# ARMY PRIME CONTRACT AWARDS FY05



	<b>Total Dollars</b>	<b>Achieved</b>	<b>Army Target</b>	<b>Nat'l Goal</b>
<b>US Business</b>	<b>\$70,802</b>			
<b>Small Business</b>	<b>\$20,381</b>	<b>28.8%</b>	<b>27.0%</b>	<b>23.0%</b>
<b>Small Disadvantaged Business</b>	<b>\$ 6,658</b>	<b>9.4%</b>	<b>8.8%</b>	<b>5.0%</b>
<b>8(a)</b>	<b>\$ 3,483</b>	<b>4.9%</b>		
<b>Women-Owned SB</b>	<b>\$ 2,625</b>	<b>3.7%</b>	<b>4.1%</b>	<b>5.0%</b>
<b>HUBZone SB</b>	<b>\$ 2,226</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Service-Disabled Veteran-Owned SB</b>	<b>\$ 501</b>	<b>0.7%</b>	<b>0.9%</b>	<b>3.0%</b>
<b>Veteran-Owned SB</b>	<b>\$ 1,445</b>	<b>2.0%</b>	<b>n/a</b>	<b>n/a</b> <sup>27</sup>



# ARMY SMALL BUSINESS PROGRAM HISTORY



*\$ in millions*



# ARMY SUBCONTRACTING AWARDS FY05



	<b>TOTAL DOLLARS</b>	<b>ACHIEVED</b>	<b>TARGET</b>
<b>US Business</b>	<b>\$6,890</b>		
<b>Small Business</b>	<b>\$3,403</b>	<b>49.4%</b>	<b>49.9%</b>
<b>Small Disadvantaged Business</b>	<b>\$ 444</b>	<b>6.4%</b>	<b>7.7%</b>
<b>Women-Owned SB</b>	<b>\$ 487</b>	<b>7.1%</b>	<b>7.0%</b>
<b>HUBZone SB</b>	<b>\$ 240</b>	<b>3.5%</b>	<b>2.4%</b>
<b>Veteran-Owned SB</b>	<b>\$ 280</b>	<b>4.1%</b>	
<b>Service-Disabled Veteran-Owned SB</b>	<b>\$ 39</b>	<b>0.6%</b>	<b>0.5%</b>



Small Business  
is Big Business for  
the Army



# Questions

*Strengthening Our  
Nation's Military  
through  
Small Business*

